

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re:

KOREA LINE CORPORATION

Debtor in a  
Foreign Proceeding.

:  
: Chapter 15

:  
: Case No. 11-10789 (REG)  
:  
:  
:  
:-----X



**DECLARATION OF SANG WOOK LEE IN OPPOSITION TO  
OLDENDORFF CARRIERS' EMERGENCY MOTION FOR RELIEF FROM STAY**

REPUBLIC OF KOREA     )  
                                  )ss:  
CITY OF SEOUL         )

SANG WOOK LEE, being duly sworn, deposes and says:

1. I am an employee of Korea Line Corporation ("KLC" or the "Foreign Debtor"), a company undergoing rehabilitation before the Seoul Central District Bankruptcy Court (4<sup>th</sup> Division) (the "Korean Court"), case number 2011 Hoe-Hap 14 (the "Korean Proceeding") pursuant to the Korean Debtor Rehabilitation and Bankruptcy Act ("DRBA") and the Foreign Debtor in the above-captioned chapter 15 case. I am Assistant Senior Manager of KLC and I am duly authorized to make this declaration on behalf of the Receivers of KLC. I am a Korean resident and speak Korean, but I am also proficient in English.

2. I respectfully submit this affidavit in opposition to the Emergency Motion of Olendorff Carriers GMBH & Co. KG ("Oldendorff") for relief from the temporary stay imposed by this Court by its Order to Show Cause entered on March 1, 2011, after a hearing conducted on February 28, 2011 (the "OSC Hearing").

3. I am aware that counsel for Oldendorff appeared at the OSC Hearing and requested relief similar to that demanded in their motion. I am also aware that the Court denied Oldendorff's request when it was initially made. I respectfully submit it should do likewise in response to the motion.

4. As noted in the motion, KLC owns the vessel MV K Daphne (the "K. Daphne" or "Vessel"). In August 2008, KLC chartered K. Daphne to Grand China Shipping (HK) Co. Ltd. ("Grand China") pursuant to a long term charter. On February 23, 2011, KLC notified Grand China that it deemed the charter repudiated and would withdraw the Vessel, because Grand China had defaulted on its hire payments and owed KLC in excess of USD \$2 million in unpaid hire.

5. I understand that Olendorff subchartered the K. Daphne from Grand China in December 2010. In connection with this subcharter, it is asserted and in fact appears that Olendorff loaded the Vessel with fuel on several occasions (the "bunkers"). On, February 23, 2011, when KLC withdrew the K. Daphne from Grand China, it is likely that some (or most) of the bunkers that Oldendorff supplied were aboard. It is estimated that the following fuel was onboard the Vessel at the time the Vessel was withdrawn. However, since that time, bunkers have in fact been utilized and consumed in operating the K. Daphne. In my best estimate the amount of fuel used since the Vessel was withdrawn is approximately IFO 400 MT.

6. Olendorff is a party to numerous direct charters of other vessels from KLC. In the aggregate, Olendorff owes at least USD \$1,905,861.07 in unpaid hire payments to KLC in connection with these other charters. Olendorff has not paid the amounts due despite our demand that it do so.

7. When KLC withdrew the K. Daphne, it did not know that Oldendorff had bunkers aboard. Oldendorff notified KLC that it had loaded the K. Daphne with the bunkers, and proposed a framework whereby Oldendorff would pay the Receivers approximately USD \$445,000 representing undisputed amounts due to KLC in connection with Oldendorff's charter of 4 KLC vessels, in exchange for which KLC would arrange for its new charterer to purchase the bunkers from Oldendorff. A true and correct copy of the mail exchange between KLC and Oldendorff is annexed hereto as Exhibit 1.

8. KLC generally was amenable to a settlement in accordance with the framework proposed by Oldendorff, but only if Oldendorff paid the full amount due to KLC. Oldendorff refused to do so, so KLC has elected to simply setoff the amounts due to it from Oldendorff against the value of the bunkers. It is KLC's position that the set-off made by KLC is proper and permitted and was in fact first suggested by Oldendorff. Given that Oldendorff owes KLC more than the value of the bunkers, there is nothing due to Oldendorff from KLC at this time.

9. If Oldendorff is permitted to commence a Rule D proceeding, the K. Daphne likely will be held up for some time. Each extra day that the K. Daphne remains in port will result in a loss of thousands of dollars in hire, may create additional litigation between KLC and the current charterer of the Vessel, and will significantly prejudice KLC's efforts in the Korean Proceeding including efforts to maintain cash flow, preserve assets for all creditors and continue with existing charters.

10. I understand that Oldendorff disputes KLC's right to set off the amounts that Oldendorff owes but has failed to pay KLC against the value of the bunkers. I believe that the proper forum to determine the propriety of the set off is the Korean Court. There have been and

may continue to be similar instances where KLC withdraws its vessels because of non-payment of hire by the charterer.

11. Based on the distance traveled since the K. Daphne was withdrawn and the rate at which the K. Daphne burns fuel, I estimate that no more than approximately 87% of the bunkers originally placed aboard the K. Daphne still remain aboard the vessel.

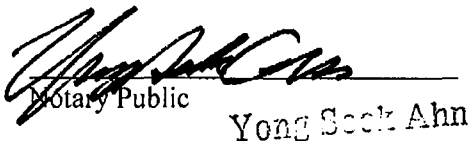
12. An attachment of the K Daphne at this time will severely ~~prejudice~~ KLC by causing delays, increased costs, loss of hire, risk of cancellation of charter, and disruption of the Rehabilitation Proceeding. In addition, if an order is given granting allowing the restrain or attachment of the Vessel or its bunkers, there is an increased risk that the port will refuse entry, or increase port and handling fees for fear that the Vessel will cause disruption to the port.

13. For all of these reasons, I respectfully request that this Court deny the Emergency Motion in all respects.

Sworn to before me this 4  
day of March, 2011



Sang Wook Lee



Notary Public  
Yong Seok Ahn

Exhibit 1

발신정보 민태윤(2011-03-01 오후 03:30:19)  
수신인 이만호 이사/전용선팀, 김명익 과장/전용선팀, 임성욱 대리/전용선팀, 권래형 대리/전용선팀,  
배원호 사원/전용선팀, 한세라 사원/전용선팀, 이상욱 차장/보험법무팀  
문서제목 Fw : K.DAPHNE

----- 원본 메시지 -----

발신정보: Boxall, David [david.boxall@oldendorff.com](2011-03-01 오전 05:09:32)

수신인: 'cape@insshopping.com' cape@insshopping.com

참조인: 'tymin@koreallines.co.kr' tymin@koreallines.co.kr

문서제목: K.DAPHNE

WITHOUT PREJUDICE

Minsu / David

sorry but in combination with the email received from KLC directly we can only conclude that it is KLC's intention to pay nothing. This is not correct and will not be tolerated.

The negotiations have now come to an end and events will now take their course. You have been given due notice of the steps we will take.

Brgds

David Boxall

o.b.o.

Oldendorff Carriers GmbH + Co KG, Luebeck  
as agents to Oldendorff GmbH & Co KG

+49 451 1500 186 - Office

+49 172 5214 233 - Mobile

From: I&S-CAPE [mailto:cape@insshopping.com]

Sent: Montag, 28. Februar 2011 11:30

To: Boxall, David

Cc: I&S Shipping

Subject: K.DAPHNE - BUNKER PRICES

I&S SHIPPING CO., LTD.

TEL 82-2-364-3644 / FAX 82-2-364-3645

EMAIL: cape@insshopping.com <<mailto:cape@insshopping.com>>  
ops@insshopping.com <<mailto:ops@insshopping.com>>

David / Minsu

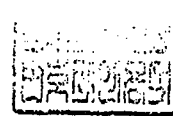
have discussed with KLC, which advising Bunker price should be settled based on actually supplied prices and it shall be supported by vouchers and/or invoices.

\* Pls see following bunker supply date & quantilty

- 29th Dec 2010 at Singapore : F.O 1350 MT

- 8th Feb 2011 at Tenerife : LSFO 100 MT

- 16th Feb 2011 at Rotterdam : F.O 1550 MT  
LSFO 350 MT  
LSMGO 65 MT



\* BUNKER ON BOARD WHEN WITHDRAWN AT 1115 GMT ON 23rd Feb, 2011

FO : 2697.6 MT  
LSFO : 318.7 MT  
MDO : 52.1 MT  
LSMGO : 72.2 MT

In this regard, pls provide supporting voucher

==

B. REGARDS / Minsu Sohn

DIR : 82(2)-3276-3843  
MB : 82(10)-3790-8295  
MSN : go\_zidane@hotmail.com <[mailto:go\\_zidane@hotmail.com](mailto:go_zidane@hotmail.com)>

----- Original Message -----

From: Boxall, David <<mailto:david.boxall@oldendorff.com>>  
To: 'cape@insshopping.com'  
Sent: Monday, February 28, 2011 6:47 PM  
Subject: K DAPHNE

Resend

-----Original Message-----

From: Boxall, David  
Sent: Montag, 28. Februar 2011 10:31  
To: 'Polaris Chartering'  
Cc: Jacobsen, Jens; Meuser, Robert; Scheers, Jonathan; Tonnage Management; Russ, Adam; Franch-Petersen, Per; Hustwith, David

Subject: K DAPHNE

WITHOUT PREJUDICE

TO: I + S : MS SOHN

Last known report of the vessel is below. These are the figures we are working on.

Bunker prices in Norfolk as of last Friday were:

IFO : usd 670

LS IFO : usd 710

GO/MGO: usd 960

We would be prepared to sell the bunkers at the last known price in Norfolk if confirmed by 15:00 hrs German time today (being Norfolk opening today), if not confirmed by that time then we would adjust the prices in line with the updated Norfolk prices.

Please confirm soonest.

Please also advise ETA Norfolk.

Brgds

David Boxall

o.b.o.

Oldendorff Carriers GmbH + Co KG, Luebeck as agents to Oldendorff GmbH & Co KG

+49 451 1500 186 - Office

+49 172 5214 233 - Mobile

---

From: K.DAPHNE [<mailto:da@Dreamport.to>]

Sent: Montag, 21. Februar 2011 13:57

To: Meeden, Maren; TC / Cape

Subject: NR

Noon:

aaa: 110221, 1100UTC

bbb: 5754N/00447E

ccc: 57.2

ddd: 14.7  
 eee: 80.7  
 fff: HSFO 2777.2/LSFO367.3/MDO52.1/LSGO72.2  
 ggg: 401/785  
 hhh: O/SE 6/NE0.5  
 iii: N/A  
 jjj: ETA NARVIK P/S, 110223 1400LT/1300UTC

Remark;  
 Decreased rpm from 86 to 78 20/1100utc , psn 52-29N 003-09E, due to rough sea  
 Increased rpm from 78 to 86 21/0550utc, psn 56-34.7N 005-11.2E

OLDENDORFF CARRIERS GmbH + Co. KG  
 Willy-Brandt-Allee 6  
 23554 L?eck, Germany

Company Register: Amtsgericht Luebeck HRA 3716

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www.oldendorff.com



발신정보 ??? [tyrmln@koreailines.co.kr](2011-03-02 오후 05:52:52)  
 수신인 ??? roy@koreailines.co.kr  
 문서제목 FW: MV K DAPHNE / OLDENDORFF  
 첨부파일 winmail.dat

> -----Original Message-----

> From: 민태윤 [mailto:tyrmln@koreailines.co.kr]

> Sent: Monday, February 28, 2011 6:51 PM

> To: Boxall, David

> Cc: Jacobsen, Jens; Meuser, Robert; Hustwith, David; Schulz, Thomas;

> Stenklov, Eirin; Russ, Adam; Franch-Petersen. Per: 이상욱;

> carriers@koreailines.co.kr

> Subject: RE: MV K DAPHNE / OLDENDORFF

>

>

> To : Oldendorff Carriers GmbH + Co KG, Luebeck

> Attn : Mr.Boxall, David

> Fm : Korea Line Corp.

>

> Without Prejudice

>

> Dear Sirs,

>

> Thanks for your response. Your general framework on resolving this

> matter would be acceptable to us.

> However, KLC has further undisputed balance amounts that are due and

> payable by Oldendorff,

> and they are updated here as follows:-

>

>

> 1. Korean Lily ----- USD43,711.74

> 2. Spot -----USD110,242.10

> 3. Legend Phoenix -----USD97,136.64

> 4. Alona -----USD350,694.

>

> 5. Avocet-----USD137.52

>

> 6. Grigorpan-----USD10,674.52

>

> 7. Orient Phoenix-----USD59,837.89

>

> 8. Ermis-----USD35,816.87

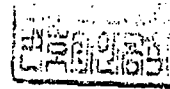
>

> 9. Tennel Maru-----USD198,833.74

>

> 10. Merlin-----USD188,709.46

>



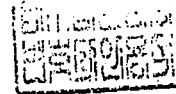
> 11. King Freight-----USD30,835.09  
>  
> 12. Canary-----USD2,525.73  
>  
> 13. Global Phoenix-----USD2,044.68  
>  
> 14. United Jalua-----USD36,996.67  
>  
> 15. Medi Tokyo-----USD 172,826.68  
>  
> 16. Stove Tradition-----USD73,874.76  
>  
> 17. Sanko King-----USD86,940.06  
>  
> 18. Mutsushio-----USD5,638.46  
>  
>  
> We look forward to hearing from you in due course.  
>  
> Kind regards  
>  
> T.Y.MIN  
>  
>  
>  
>  
>  
> -----Original Message-----  
> From: Boxall, David [<mailto:david.boxall@oldendorff.com>]  
> Sent: Friday, February 25, 2011 11:16 PM  
> To: '???'; carriers@koreallines.co.kr; 'Polaris Chartering'  
> Cc: Jacobsen, Jens; Meuser, Robert; Hustwith, David; Schulz, Thomas;  
> Stenklov, Eirln; Russ, Adam; Franch-Petersen, Per; 'I&S-CAPE'  
> Subject: RE: MV K DAPHNE / OLDENDORFF CP DATED 20 DEC 2010  
>  
>  
>  
> WITHOUT PREJUDICE  
>  
> TO: KLC : TY MIN  
> TO: POLARIS : SM PARK  
> CC: I + S : MS SOHN  
>  
> Ref the below proposal.  
>  
> In order to try and suggest a reasonable way out of this situation for  
> all parties, that benefits all parties we have the following proposal,  
> strictly on a without prejudice basis.  
>  
> Oldendorff to pay KLC (provide agreed by the KLC Receivers) the

> undisputed amounts on the following 4 vessels:  
>  
> 1. Korean Lily  
> 2. Spot  
> 3. Legend Phoenix  
> 4. Alona  
>  
> According to Oldendorff calculations the undisputed amounts due on the  
> above vessels are usd 445.193,45.  
>  
> In return for which Polaris to pay Oldendorff for the value of the  
> bunkers on board that the vessel had on board from the last position off  
> Narvik.  
>  
> In return for which Oldendorff would not have the bunkers on board  
> discharged at the next port.  
>  
> Please consider the above proposal as a general framework and let us  
> know if this is workable.  
>  
> Subject to further details.  
>  
>  
>  
> Regards  
> David Boxall  
> o.b.o.  
> Oldendorff Carriers GmbH + Co KG, Luebeck  
> as agents to Oldendorff GmbH & Co KG  
>  
> +49 451 1500 186 – Office  
> +49 172 5214 233 – Mobile  
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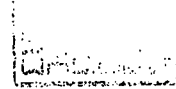
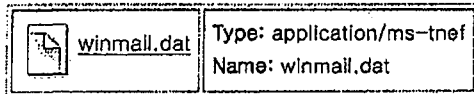
  
> From: ??? [<mailto:tymin@koreallines.co.kr>]  
> Sent: Freitag, 25. Februar 2011 12:53  
> To: Boxall, David; [carriers@koreallines.co.kr](mailto:carriers@koreallines.co.kr)  
> Cc: Andrew Wright; Jacobsen, Jens; Meuser, Robert; Hustwith, David;  
> Schulz, Thomas; Stenklov, Eirln  
> Subject: RE: MV K DAPHNE / OLDENDORFF CP DATED 02 DEC 2010  
>  
> Dear Sirs  
>  
>  
> We refer to Mr David Boxall's and MFB's dated 24 February 2011.

>  
 > We would like you to know that we were forced to withdraw the vessel due  
 > to Grand China Shipping's repudiation.  
 > The latter committed a repudiatory breach by failing to make hire  
 > payments, and therefore, we never intended to have your bunkers.  
 > However, it is not realistic for us to debunker the vessel at some  
 > place, which may cost us and you a lot.  
 > Further, there are 4 charterparty cases where you have owed us  
 > USD601,784.48 as follows (please see attached hire/freight statement):  
 >  
 > 1. Korean Lily ----- USD43,711.74  
 > 2. Spot ----- USD110,242.10  
 > 3. Legend Phoenix ----USD97,136.64  
 > 4. Alona -----USD350,694.  
 >  
 > So far, you have refused to pay the above sums. So, we suggest that the  
 > bunkers be purchased by us at the price your purchased,  
 > of which we will hold the sale proceeds as security for the unpaid  
 > hires/freight.  
 > Unless you have any other solution, please let us have a copy or copies  
 > of the invoice(s) showing the price(s) of the bunkers on board the  
 > vessel.  
 >  
 > We look forward to hearing from you in due course.  
 >  
 > Kind regards  
 >  
 > T.Y.MIN  
 >  
 >  
 > -----Original Message-----  
 > From: Boxall, David [<mailto:david.boxall@oldendorff.com>]  
 > Sent: Thursday, February 24, 2011 5:53 AM  
 > To: 'carriers@korealines.co.kr'  
 > Cc: Andrew Wright; Jacobsen, Jens; Meuser, Robert; Hustwith, David;  
 > Schulz, Thomas; Stenklov, Eirin  
 > Subject: MV K DAPHNE / OLDENDORFF CP DATED 20 DEC 2010  
 >  
 >  
 >  
 >  
 > TO: KOREA LINES : TY MIN  
 >  
 > MV K DAPHNE / OLDENDORFF CP DATED 20 DEC 2010  
 >  
 > Good evening,  
 >  
 > we understand that you have today withdrawn the vessel from your time  
 > charterers (our disponent owners under the subject time charter) messrs  
 > Grand China Shipping.

[illegible]

> the above address. Thank you.  
 >  
 > This email (including any file attachment) might also contain  
 > information  
 > protected by intellectual property rights of Oldendorff Carriers GmbH +  
 > Co. KG.  
 > You are not allowed to use such contents without the prior written  
 > consent of  
 > Oldendorff Carriers GmbH + Co. KG.  
 >  
 >  
 >  
 >  
 > www.oldendorff.com  
 >

</t



法務法人 廣 場  
LEE & KO

[별지 제42호서식]

등부 2011년 제 243 호

Registered No. 2011 - 243

인 증

Notarial Certificate

위 진 술 서 에  
기재된

Sang Wook Lee

이상옥

은  
본직의 변전에서 위 사서증서에  
자기가 서명한 것임을  
자인하였다.

personally appeared before  
me and admitted his(her)  
subscription to the  
attached

Declaration

2011년 3월 4일 이 사무소에서  
위 인증한다.

This is hereby attested on  
this 4th day of March, 2011  
at this office

공증인가

법무법인 광 장

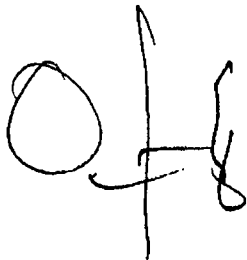
소속 서울중앙지방검찰청

서울 중구 남대문로2가 118

한진빌딩 본관 20층

Authorized Attorney Notary Public:

공증담당변호사



Yeng Seok Ahn

LEE & KO

Belong to Seoul Central District Prosecutor's Office

20F, Hanjin Main Bldg.,  
118, 2-ka Namdaemun-ro, Chung-ku  
Seoul, Korea

This Office has been authorized  
by the Minister of Justice, the  
Republic of Korea to act as  
Notary Public since  
March 6, 1985 under  
Law No. 3594

公證認可  
法務法人 廣場  
LEE & KO

[별지 제41호서식]

☎ 2191-3100

Registered No. 2011 - 243



## NOTARIAL CERTIFICATE



LEE & KO

20F, Ilanjin Main Bldg.,  
118, 2-ka Namdaemun-ro, Chung-ku,  
Seoul, Korea